



Fuel disbursement and usage records must indicate:

- Fuel use as highway or non-highway
- Individual vehicle mileage records and odometer readings

Taxes are refundable up to 15 months after the date of purchase.

Highway Contractor Verification

Prior to awarding a bid, cities and counties are required to verify if a highway contractor is licensed and in good standing.

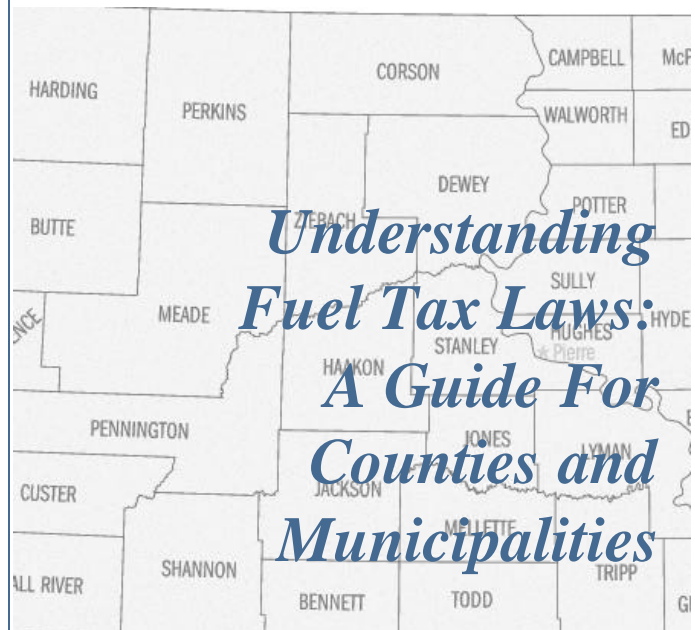
Verification can be done by contacting the motor fuel section at 605-773-5335 and providing the company's federal identification number. Or log onto our highway contractor search system at www.state.sd.us/drr2/motorvehicle/licensesearch.asp. To access our online system and receive a username and password, please contact the department at 605-773-3541.

If you have further questions about South Dakota's fuel taxes, contact the Division of Motor Vehicles at:

South Dakota Department of Revenue & Regulation
Division of Motor Vehicles
445 East Capitol Avenue
Pierre, SD 57501-3185
www.state.sd.us/drr

State (SDCL 20-13) and federal (Title VI of the Civil Rights Act of 1964, the Rehabilitation Act of 1973 as amended, and the Americans with Disabilities Act of 1990) laws require that the Department of Revenue & Regulation provide services to all persons without regard to race, color, creed, religion, sex, disability, ancestry or national origin.

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Introduction

South Dakota's counties and municipalities use large quantities of fuel for police and fire protection, park management, and highway construction and repair. And like any consumer, local units of government must pay tax on the fuels they purchase.

In some instances, however, they are entitled to purchase fuels with the tax removed immediately (tax-free) or soon after (by requesting a tax refund). For local governments that expend a large portion of their budgets on fuel purchases, these exceptions represent significant savings.

This brochure explains the conditions and requirements that must be met for counties and municipalities to be eligible for these tax refunds or exemptions.

Diesel Fuel Taxation and Usage

Local governments must purchase and consume dyed (untaxed) diesel fuel in government owned vehicles or equipment operated by a government employee for road construction, repair, or maintenance. Equipment used at off-road sites, such as gravel pit sights and landfill areas, may also use the dyed (untaxed) diesel.

A fire truck, garbage truck, enforcement vehicle or any other type of vehicle not used for road construction, repair or maintenance will be required to use the undyed (taxed) diesel. However, since this type of usage is not subject to the federal tax, the supplier will remove the federal tax and apply for a refund.

Gasoline/Gasohol Taxation and Usage

Gasoline and gasohol cannot be purchased without the tax included. This is in direct contrast to how diesel fuel can be purchased.

Also, when gasoline and gasohol is used in road construction, repair or maintenance, it is subject to the tax and not eligible for a refund. Local governments are eligible for refunds under certain conditions.

Note: Any fuel supplied to a contractor by a county or municipality is subject to fuel tax.

Refunds on Diesel, Gasoline and Gasohol

Undyed (taxed) diesel fuel is not refundable when it is used for road construction, repair or maintenance, or in equipment. You must purchase the dyed (untaxed) diesel fuel for this type of usage. When undyed (taxed) diesel fuel is used in a garbage truck that is operated in the landfill area, the fuel consumed within the landfill would be eligible for a refund.

Gasoline and gasohol is subject to a refund if the fuel is used for commercial purposes off the roads and highways in government vehicles or equipment operated by government employees. For example, the following uses are refundable because they are related to commercial (that is, income-generating) services:

- Airport maintenance
- Off-road work done by sewer or electrical departments
- Mowing of municipal golf courses

On the other hand, any gasoline or gasohol used for non-commercial purposes or on highways or roads is not eligible for the tax refund. For instance, gasoline used for mowing city parks or in county vehicles for road repair is not eligible for a refund of the fuel tax.

Requirements for Tax Refunds on Gasoline, Gasohol or Diesel

To be eligible to receive a fuel tax refund, local governments must hold a refund permit issued by the Division of Motor Vehicles.

To collect the refund, permit holders must maintain records that verify the amount of fuel used. These records include fuel acquisition records, disbursement records, and usage records. Fuel acquisition records may consist of:

- Purchase invoices
- Credit card receipts
- Monthly bills for purchases made through automated pumps